

Message Text

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42

ORIGIN OPIC-12

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CHARGE TO OPIC

----- 069023

R 011255Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

LIMITED OFFICIAL USE STATE 148209

E.O. 11652: N/A

TAGS: E/FIN

SUBJECT: REINSTITUTION OF OPIC PROGRAMS

REF: STATE 146298

1. PER PARA 3 REFTTEL, FOLLOWING IS DRAFT TEXT OF NOTE EXCHANGE
REACTIVATING OPIC PROGRAM IN EGYPT. QUOTE:
EXCELLENCY:

I HAVE THE HONOR TO REFER TO THE AGREEMENT EFFECTED BY EXCHANGE OF
NOTES BETWEEN OUR GOVERNMENTS ON JUNE 29, 1963 ON THE SUBJECT OF
INVESTMENT GUARANTIES WHICH ARE ISSUED BY THE GOVERNMENT OF THE
UNITED STATES OF AMERICA.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA IS PLEASED TO
ADVISE THAT IF YOUR GOVERNMENT AGREES, THE INVESTMENT INCENTIVE
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PROGRAMS OF THE UNITED STATES OF AMERICA WHICH ARE THE SUBJECT

OF THE AFORESAID AGREEMENT AND WHICH ARE NOW REFERRED TO AS INVESTMENT
T
INSURANCE AND INVESTMENT GUARANTIES AND ARE CURRENTLY ADMINISTERED
BY THE OVERSEAS PRIVATE INVESTMENT CORPORATION, CAN BE RESUMED IN
CONNECTION WITH PROJECTS THAT ARE APPROVED BY THE ARAB REPUBLIC OF
EGYPT.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA ALSO AGREES, IF
YOUR GOVERNMENT IS WILLING, THAT WHEN YOUR GOVERNMENT OR
AN AGENCY THEREOF HAS ENTERED INTO A CONTRACT WITH A PRIVATE UNITED
STATES FIRM FOR CONSTRUCTION OR OTHER PROFESSIONAL SERVICES TO
A PROJECT SPONSORED BY YOUR GOVERNMENT, SUCH A CONTRACT SHALL BE
CONSIDERED THE APPROVAL AND AGREEMENT REQUIRED BY PARAGRAPH
2 OF THE EXCHANGE OF NOTES DATED JUNE 29, 1963. IN ALL OTHER CASES,
INDIVIDUAL PROJECT APPROVALS AND AGREEMENTS BY YOUR GOVERNMENT
SHALL BE REQUESTED.

I WOULD APPRECIATE RECEIVING YOUR EXCELLENCY'S CONFIRMATION
THAT THE FOREGOING IS ACCEPTABLE TO THE ARAB REPUBLIC OF EGYPT.

ACCEPT, EXCELLENCY, THE RENEWED ASSURANCES OF MY HIGHEST CON-
SIDERATION. QUOTE.

2. ABBREVIATED PROCEDURE FOR CONTRACTS REFERRED TO IN NOTE IS NOT
NECESSARY TO SATISFY SECTION 620(T) REQUIREMENTS. IT REFLECTS AN
IMPROVED OPIC PROCEDURE TO PERMIT A U.S. FIRM TO BID OR NEGOTIATE
ON A CONSTRUCTION OR OTHER CONTRACT OFFERED BY A FOREIGN GOVERNMENT
WITH KNOWLEDGE THAT OPIC INSURANCE IS AVAILABLE. NORMAL PROCEDURE
IS FOR OPIC TO GIVE BIDDING FIRMS BINDERS PRIOR TO SUBMISSION OF
BIDS. THIS ENABLES U.S. FIRMS TO ELIMINATE POLITICAL RISK
CONTINGENCIES FROM THEIR BIDS AND QUOTE LOWER PRICES THAN OTHERWISE
WOULD BE POSSIBLE, THEREBY SAVING DEVELOPMENT PROJECT FUNDS.

3. DEPARTMENT AND OPIC SEE EXCHANGE OF NOTES AS LAST STEP IN
THREE-STEP PROCESS, BEGINNING WITH COMMITMENT BY GOE RE CLAIMS
SETTLEMENT PER PARA 1 REFTEL AND THEN DETERMINATIONS BY SECRETARY
REQUIRED BY SECTIONS 620(E) AND (P), E.E., THAT THE ABOVE
COMMITMENT IS AN APPROPRIATE STEP TOWARD SETTLEMENT OF THE CLAIMS
AND THAT THE OPERATION OF OPIC'S PROGRAMS IN EGYPT IS QUOTE
ESSENTIAL TO THE NATIONAL INTEREST. QUOTE. AS SOON AS THE FIRST
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STEP IS TAKEN, POSSIBLY DURING SECRETARY SIMON'S VISIT, PROCESSING
OF THE 620(E) AND (P) DETERMINATIONS WILL BE EXPEDITED HERE AND EMBAS
SY
WILL BE NOTIFIED TO PROCEED WITH EXCHANGE OF NOTES, ALSO POSSIBLY
DURING SIMON VISIT. KISSINGER

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